

FISCAL NOTE

HB 1973 - SB 2098

March 13, 2005

SUMMARY OF BILL: Removes the word “exclusively” from the definition of farm equipment and machinery as it specifically refers to timber harvesting equipment.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues – Exceeds \$135,000

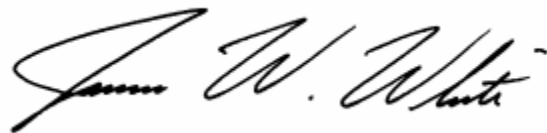
Decrease Local Govt. Revenues – Exceeds \$44,000

Assumptions:

- Enactment of this bill makes chainsaws used on farms exempt from sales and use tax.
- Census of Agriculture estimates 33,000 farms in Tennessee.
- 20% of Tennessee farms purchase new chainsaws each year.
- Average price of chainsaw is \$300.
- Decrease in state revenues estimated to exceed \$135,000 (33,000 farms X 20% of farms X \$300 average price X 7% state sales tax rate = \$138,600).
- Decrease to local government revenues estimated to exceed \$44,000 (33,000 farms X 20% of farms X \$300 average price X 2.25% local option sales tax rate = \$44,550).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director